

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

FUNDING SUMMARY

Applicant:	Anderson Valley Health Center, Inc. ("AVHC" or "Borrower")	Amount Requested:	Not to exceed \$100,000
Applicant Address:	13500 Airport Road Boonville, CA 95415 Mendocino County	Resolution Number:	2008-21
Date Requested:	August 14, 2008	Loan Term:	No later than forty-five (45) days following the adoption of a 2008-2009 budget by the State of California

Background of Financing: Many community clinics are facing unanticipated and staggering financial burdens associated with the current State budget impasse and delayed Medi-Cal reimbursements; hence, they are not receiving their regular Medi-Cal reimbursements. Consequently, AVHC is seeking funding to bridge this financial gap in order to finance vital health services for its communities.

Purpose: Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State's budget impasse.

Financial Overview: AVHC is a nonprofit public benefit corporation incorporated in 1977. Based on the most recent audited financial statements, net income decreased from 2006 to FY 2007, ending with an operating deficit of (88,357). The loss appears to be due to the expansion of the health center and reduced patient visit revenue during construction. AVHC currently has no long term debt as of June 30, 2007. This financing is expected to sustain AVHC's daily operations until the State budget passes.

- Financing Structure:**
- The entire loan balance shall be repaid in full no later than 45 days following the adoption of a 2008-2009 budget by the State of California.
 - Loan proceeds are to be disbursed on as-needed basis in a total amount not to exceed the AVHC's third-party-approved Medi-Cal claim.
 - Loan origination fee of 1.25% and 0% interest rate.
 - Lien on gross revenues.
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- Due Diligence:** Due diligence of the following items has been completed or will be completed prior to closing:
- Religious Due Diligence
 - Legal Review
 - Community Service Obligation
 - CEQA/Seismic/Pass through (Not required)
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Staff Recommendation: Staff recommends the Authority approve a Resolution in an amount not to exceed \$100,000 for Anderson Valley Health Center subject to financing terms acceptable to the Authority.

Anderson Valley Health Center, Inc.
Statement of Activities
(Unrestricted)

For the year ended June 30

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>SUPPORT, REVENUE & GAINS:</u>			
State grants	\$ 218,434	\$ 162,854	\$ 162,864
Other grants	108,795	71,854	212,426
Contributions	17,010	749,409	26,265
Client fees, net	523,573	478,362	550,364
Income on long-term investments	-	22,261	3,781
Other	11,218	80,598	22,748
Total support, revenue and gains	<u>879,030</u>	<u>1,565,338</u>	<u>978,448</u>
<u>EXPENSES:</u>			
Salaries	562,018	584,357	584,856
Supplies	81,245	62,442	92,811
Employee Benefits	72,789	81,462	84,167
Computer expense	56,737	36,777	11,886
Payroll Taxes	45,650	46,466	49,957
Depreciation	33,443	33,967	32,244
Insurance	29,307	42,925	37,608
Other	24,407	25,126	23,111
Consultants and other outside services	21,373	43,806	31,855
Rent	13,104	13,104	13,104
Communication	12,557	11,632	7,048
Utilities	10,031	9,520	8,796
Taxes and fees	4,726	472	1,476
Interest expense	-	194	1,151
Total expenses	<u>967,387</u>	<u>992,250</u>	<u>980,070</u>
Change in unrestricted net assets	(88,357)	573,088	(1,622)
Prior Period Adjustment	-	-	(197,168)
Temporarily restricted net assets:			
Contributions	206,250	-	-
Income on long-term investments	16,110	-	-
Building project	(5,058)	-	-
Increase in temporarily restricted assets	217,302	-	-
Change net assets	128,945	573,088	(198,790)
Net assets at beginning of year	1,233,883	660,795	859,585
Net assets end of year	<u>\$ 1,362,828</u>	<u>\$ 1,233,883</u>	<u>\$ 660,795</u>

Anderson Valley Health Center, Inc.
Statement of Financial Position

	As of June 30		
	2007	2006	2005
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 203,156	\$ 246,042	\$ 209,942
Net patient accounts receivable	83,201	147,165	206,049
Grants receivable	52,555	21,776	56,286
Other Assets	38,654	50,529	26,653
Total Current Assets	377,566	465,512	498,930
Due from unrestricted	37,162	46,154	-
Assets restricted to investment	245,783	91,731	-
Land, building, and equipment, net	465,595	437,472	274,174
Long-term investments	327,182	310,054	-
Total Assets	\$ 1,453,288	\$ 1,350,923	\$ 773,104
<u>Liabilities & Net Assets</u>			
Current Liabilities:			
Accounts payable	\$ 7,867	\$ 6,805	\$ 10,723
Accrued payroll & payroll taxes	34,091	14,081	31,009
Other accrued expenses	2,590	-	-
Due to temporarily restricted	37,162	46,154	-
Deferred Income	8,750	50,000	50,500
Total Current Liabilities	90,460	117,040	92,232
Long-term debt	-	-	20,077
Total Liabilities	90,460	117,040	112,309
Net Assets:			
Unrestricted net assets	394,814	483,171	660,795
Temporarily restricted net assets	968,014	750,712	-
Total net assets	1,362,828	1,233,883	660,795
Total Liabilities & Net Assets	\$ 1,453,288	\$ 1,350,923	\$ 773,104

Financial Ratios:

	Proforma (a)			
Debt Service Coverage (x)	N/A	N/A	N/A	0.58
Debt/Unrestricted Net Assets (x)	N/A	N/A	N/A	0.03
Margin (%)	-10.05	36.61	-0.17	
Current Ratio (x)	4.17	3.98	5.41	

(a) No long-term debt in 2007 FY to use in debt service calculation